

Thoughts on the Provision of Local Government Funding to Non-Profits

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It seems to me that there have traditionally been three ways that the needs of individual members of a society are met. First, the individual, acting alone or in small groups, provides for his or her immediate needs for such things as shelter, clothing, food, etc.

As groups of people living together grew larger there developed the requirement for some other mechanism to address the needs of the collective community, needs that could not be met individually or, to address circumstances when individuals attempted to meet their own needs, that conflict arose with other individuals trying to meet similar needs. This is the classic purpose of government as put forth by James Madison who spoke of "the public good...the real welfare of the great body of people...(as) the supreme object to be pursued." In addition to the common good being those things that we as individuals acting alone find it difficult to attain, it includes those things that make a community a safe and desirable place to live. These are things such as public safety (national defense, law enforcement, fire protection), transportation, schools, property records, libraries, parks, etc. As a society, historically, we have accepted that if we want these common good services, we have to find a way to fund them, and like it or not, taxes are often that way.

Exactly what the government should provide as part of the public good is a matter of debate. Once you get past national defense and public safety, many things that have historically been provided predominantly by government are being questioned. This includes, education, transportation, welfare and cultural amenities such as libraries, museums, and parks. That debate continues today and will probably continue as long as governments (particularly at the state and local level where deficit spending is forbidden) face serious fiscal constraints brought about either by economic conditions or a desire by citizens to pay less in taxes.

Many local governments are having serious discussions about how far they can go beyond the core services of public safety, transportation and education in providing for their communities. And yet, most of us don't want to live in a community that only provides core services. Regardless of our individual ability to pay for such things (and those with the resources may have little need for the government to provide them), it is the amenities such as libraries, museums, parks, and programs that help us to identify with and appreciate our individual hometown. We call that "quality of life".

I think that, in spite of our general dissatisfaction with paying taxes, we intrinsically recognize our wealth and we want, at some level, to have certain

amenities and services in our community and we want them provided to all regardless of ability to pay. I think that our sense of community, our concern for the less fortunate members of our society and our sense of equity or fairness, and maybe our distrust of government but, certainly, our recognition that government cannot do it all, lead us to look for alternative methods of providing such desired services.

That brings me to the third major way that we provide services in our society, beyond individual effort and government, and that is through associations of like-minded people who band together to address a perceived need or a desire that is not being met by government. Non-profits are in this last group along with foundations, businesses, clubs, fraternal organizations, charities and other organizations. These groups provide a way for individuals and businesses to pool their resources and address certain issues where government is unable or unwilling to intervene. And we as a society have encouraged this through tax codes, other laws, and by custom.

In addition to addressing any number of interests or desires, Non-profit organizations also play a valuable role in any number of worthy causes designed to help the less fortunate or those who find themselves in short or long term need. They fill in gaps of government services and, if successful, may provide valuable intervention, assisting the less fortunate to become more self-sufficient and, hopefully, less reliant on expensive government services in the future

I believe that there is a tremendous capacity in this nation to provide for the needy in this way, and clearly, many people prefer to do it this way. They are much more comfortable with making a voluntary contribution of their time, talents and financial resources than with paying taxes for things that they may not necessarily agree with. And the evidence bears this out. Billions of dollars of goods and services are provided through volunteer efforts, outside of direct government oversight, and many wonderful things have been accomplished.

The boundaries between these two ways of providing common good services are not clear cut. In some cases, government funding has helped non-profit organizations to provide goods and services through grants, loans, subsidies, matching funds, pass throughs, etc. This has generally been considered to be a good and appropriate thing; possibly to the point that the relationship has been taken for granted.

As local governments, in particular, retrench in the face of state budget cuts and local economic challenges, questions are naturally going to be asked about what services are provided in a community and how. These questions are appropriate as society questions the purpose of government and demonstrates a strong desire to reduce or eliminate the payments made by individuals to that government. This may have gone to the point that, to some extent, the

connection between the value of services and the willingness to pay the costs has been lost.

As local government struggles with declining budgets, questions about how it spends limited resources will grow stronger. Questions such as:

- What services are desirable for our community?
- What resources do we have to provide those services?
- What's the trade off? What are our priorities?

Answering these questions will require a lot of public debate and hard decisions by the elected representatives who lead our communities. It will be messy and inefficient but that's the way we do things in a democratic society.

What does this mean for the various non-profit agencies that provide so many services to our community? I think that continued funding at higher or even the same level may be at risk whether from the federal, state or local government. This is phenomenon not just locally but across the nation.

If non-profits are going to continue to receive government assistance, they need to do several things. First of all, I think that they need to tell their story. It should not be taken for granted that the good work and the value that non-profits add to the community are broadly recognized. The non-profits need to make clear the connection between what they do and the societal purpose that is being addressed. They also need to show how what they do relates to the core services of government (however that is defined at the moment), such as public safety and education, and how their activities reduce the ultimate cost to government by, for example, interceding at a point that minimizes the need for more expensive government services later. Non-profits need to show how they can provide desired services more efficiently, more effectively, and more equitably to the extent that it justifies the public investment of tax dollars in their operations. I think that the non-profits also need to work with other similar organizations to reduce redundancy or duplication of services.

At the same time, non-profits need to widen their base of support from individuals and businesses. This is tough to do in a poor economy but that same poor economy is forcing local governments to look hard at the choices they make and there are few areas where they have unlimited discretion.

In summary, non-profits will be better able to justify local government financial support if they maintain a broad base of community support and demonstrate their ability to deliver desired services in an effective and efficient manner, while reducing the cost of present or future related government services.